

**State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5340**

*Fileproy &
2/007/0013*

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Reclamation Agreement

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RECEIVED

MAY 11 2007

DIV. OF OIL, GAS & MINING

Permit Number: **ACT 007/013 Part "B"**
Date Original Permit Issued: HORSE CANYON - ^{PART A} 5/6/91
Effective Date of Agreement: MAY 18, 2007 ^{PART B}
Bond Number: [REDACTED]
Bond Number: [REDACTED]

RECLAMATION AGREEMENT

This **RECLAMATION AGREEMENT** (hereafter referred to as "Agreement") is entered into by **UtahAmerican Energy, Inc.** (hereafter referred to as the "Permittee") and the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining (hereafter referred to as the "Division").

For the purpose of the **AGREEMENT** the information provided below, shall constitute forms of definition or are for information regarding the Permittee or its operations.

"**ACT**": Title 40-10-1, et. seq., Utah Code Annotated (1953, as amended)

"**BOND**": A bond in compliance with Utah Administrative Rule 645-301-800, et. seq.

"**BOND AMOUNT**" **SB -9905586 \$1,556,000**
 ISM 2217 \$130,000

"**BONDED AREA**":

Section 15

**Portions of W2SE4; Portions of NE4SW4: Portions of SE4SW4:
Containing 42.6 acres more or less**

"**BOND TYPE**": Surety Bond

**XL Surety #SB-9905586
25 Independence Boulevard
Suite 103
Warren, NJ 07059
(908) 903-9200**

**Rockwood Casualty Insurance Company #ISM 2217
654 main Street
Rockwood, PA 15557
(800) 837-9062**

"COMPANY OFFICERS": P. Bruce Hill: President and Chief Executive Officer
Robert D. Moore: Treasurer
Michael O. McKown: Secretary

"COOPERATIVE AGREEMENT": That certain agreement codified at 30 C. F.
R. 944.30

"DISTURBED AREA":

Section 15
Portions of W2SE4; Portions of NE4SW4; Portions of SE4SW4:
Containing 42.6 acres more or less

"LIABILITY INSURANCE": Public liability insurance policy submitted
as part of the permit application and attached as Exhibit "C".

Insurance Company: Reschini Agency Inc.
Address: 922 Philadelphia Street
P.O. Box 449
Indiana, PA 15701
Telephone Number: (724) 349-1300
Policy Number: 37104410 & 73171037
Expiration Date: 06/01/2007

"MINE": Lila Canyon (Extension to Horse Canyon Mine Part "B")

"OSM": United States Department of the Interior,
Office of Surface Mining Reclamation and Enforcement.

"PERMIT": ACT 007/013

"PERMITTEE": UtahAmerican Energy, Inc.
P.O. Box 986
Price, Utah 84501
(435) 888-4000
(435) 888-4007

"PERMITTEE'S UTAH REGISTERED AGENT FOR SERVICE OF PROCESS":

CT Corporation System
136 East South Temple Ste 2100
SLC, UT 84111

"REGULATIONS": The regulations promulgated by the Division
and OSM pertaining to coal mining and reclamation activities.

"SMCRA": The Surface Mining Control and
Reclamation Act of 1977, 30 U.S.C. §§ 1201, et. seq.

"SURETY":

The following Exhibits are incorporated within and made a part of this Agreement.

EXHIBITS:

"BONDED AREA"

Exhibit "A"

"BONDING AGREEMENT"

Exhibit "B"

"LIABILITY INSURANCE"

Exhibit "C"

WHEREAS, the Permittee is ready and willing to file the Bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division pursuant to applicable laws under the permit; and

NOW, THEREFORE, the Division and the Permittee agree as follows:

1. The provisions of SMCRA, the Act and the Regulations are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Regulations and Rules shall supersede conflicting provisions of this Agreement.
2. The Permittee agrees to comply with all terms and provisions of this Agreement, the Permit (which is based upon the approved Permit Application Package), the Act and the Regulations, including the reclamation of all areas disturbed by surface coal mining and reclamation operations, despite the eventuality that the costs of actual reclamation exceeds the Bond Amount.
3. The Permit Application Package includes a legal description of the Bonded Area, including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the Permit period. For convenience, a copy of the description of the Bonded Area is attached as Exhibit "A", and is incorporated by reference.
4. The Permittee agrees to provide a Bond to the Division in the form and amount acceptable to the Division ensuring the timely performance of the reclamation obligations in the manner and by the standards set forth in this Agreement, the Permit, (which is based upon the Permit Application Package), the Act and the Regulations. The Bond is attached as Exhibit "B" and is incorporated by reference.
5. The Permittee agrees to maintain in full force and effect the Liability Insurance policy submitted as part of the Permit application and which is described in the attached Exhibit "C". The Division shall be listed as an additional insured on this policy.
6. In the event that the Disturbed Area is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the Bond as appropriate in accordance with applicable law. In the event of material damage to the surface lands, or contamination, diminution, or interruption of a protected water supply caused by subsidence from underground coal mining, the Permittee may be required by the Division to increase the bond amount pursuant to the provisions of R645-301-525.550 of the Utah Administrative Code.
7. The Permittee does hereby agree to indemnify and hold harmless the State of Utah and the Division, and their respective employees and agents, from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Permittee or

Permittee's agents or employees failure to abide by the terms and conditions of the approved Permit (which is based upon the approved Permit Application Package), and this Agreement. In the event the Cooperative Agreement is terminated, this paragraph will inure to the benefit of OSM with respect to Federal Lands, and otherwise to the benefit of the Division.

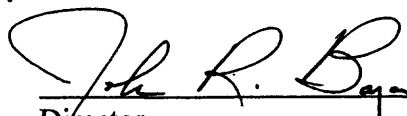
8. The terms and conditions of this Agreement are non-cancelable until such time as the Permittee has satisfactorily, as determined by the Division, reclaimed the Disturbed Area in accordance with this Agreement, the approved Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Notwithstanding the above, the Division may direct, or the Permittee may request and the Division may approve a written modification to this Agreement in accordance with applicable law.
9. The Permittee may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the new Bond form meets the requirements of the Act, and the Regulations, but no Bond shall be released until the Division has approved and accepted the replacement Bond.
10. This Agreement shall be governed and construed in accordance with the laws of the state of Utah. The Permittee shall be liable for all reasonable costs incurred by the Division to enforce this Agreement.
11. Any breach of the provisions of this Agreement, the Act, the Regulations, or the Permit (which is based upon the approved Permit Application Package) may, at the discretion of the Division, result in enforcement actions by the Division which include, but are not limited to, an order to cease coal mining and reclamation operations, revocation of the Permittee's Permit and forfeiture of the Bond.
12. In the event of forfeiture of the Bond, the Permittee agrees to be liable for additional costs in excess of the Bond Amount which may be incurred by the Division in order to comply with the Permit (which is based upon the approved Permit Application Package), the Act, and the Regulations. Any excess monies resulting from the forfeiture of the Bond, upon compliance with this Agreement, shall be refunded as directed by the Permittee or, if a dispute arises, as directed by a court of competent jurisdiction by interpleading the funds subject to the dispute.
13. No delay on the part of the Division in exercising any right, power, or privilege, under the Permit, the Bonding Agreement (Exhibit "B") and/or this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege thereof preclude other or further exercise of any right, power or privilege. The provisions of this Agreement are severable, and if any provision of this Agreement, or the application of any provision of this Agreement, to any circumstances is held invalid,

the application of such provision to other circumstances, and the remainder of this Agreement, shall not be affected thereby.

14. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached thereto.

SO AGREED this 18th day of May, 20 07.

STATE OF UTAH:



Director,
Division of Oil, Gas and Mining

PERMITTEE:

By: P. Bruce Hale

Title: PRESIDENT & CEO

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

**AFFIDAVIT OF QUALIFICATION
PERMITTEE**

--ooOOoo--

I, P. Bruce Hill, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President & CEO of UTAH American Energy FC and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

P. Bruce Hill
(Signed)
Name - Position

Attest: _____
Secretary of the Corporation

STATE OF UTAH)

) ss:

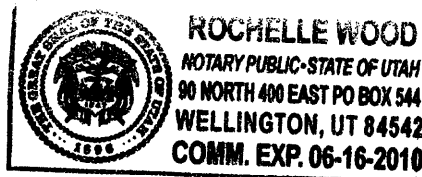
COUNTY OF Carbon)

Subscribed and sworn to before me this 10 day of May, 2007.

Rochelle Wood
Notary Public

My Commission Expires:

06-16, 2010.



**AFFIDAVIT OF QUALIFICATION
PERMITTEE
--ooOOoo--**

I, P. Bruce Hill, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President & CEO of UTAH American Energy Co and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

P. Bruce Hill
(Signed)
Name - Position

Attest: Michael M. Kow
Secretary of the Corporation

STATE OF UTAH)

) ss:

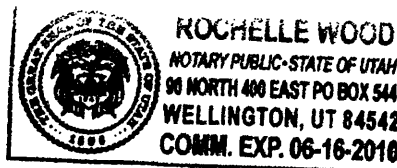
COUNTY OF Carbon)

Subscribed and sworn to before me this 10 day of May, 2007.

Rochelle Wood
Notary Public

My Commission Expires:

06-16, 2010.



AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--

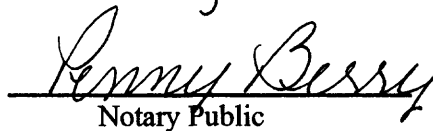
John Baza, being first duly sworn under oath, deposes and says that he is the
Director for the Division of Oil, Gas and Mining, Department of Natural Resources, State of
Utah; and that ~~he~~ is duly authorized to execute and deliver the foregoing obligations; and that said
~~Acting~~ Director is authorized to execute the same by authority of laws on behalf of the State of Utah.


John Baza

Director, Division of Oil, Gas and Mining

STATE OF Utah)
COUNTY OF Salt Lake) ss:

Subscribed and sworn to before me this 18 day of May 2007.


Notary Public

My Commission Expires:

1/11, 2011.

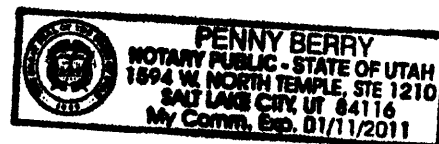


EXHIBIT “A”

Bonded Area Legal Description

(Federal Coal)

Permit Number ACT/007/013

BOND # [REDACTED]

EXHIBIT "A"

PERMIT AREA

In accordance with the RECLAMATION AGREEMENT, the PERMITTEE intends to conduct coal mining and reclamation activities on or within the PERMIT AREA as described hereunder: (The bonded area equals the permit area.)

Total acres of PERMIT AREA: 6032.07

Legal Description of PERMIT AREA:

See attached Table 4-2 and Plate 1-1

This is the PERMIT AREA that is covered by the reclamation surety provided in Exhibit "B".

IN WITNESS WHEREOF the SURETY has hereunto set it's signature and seal this

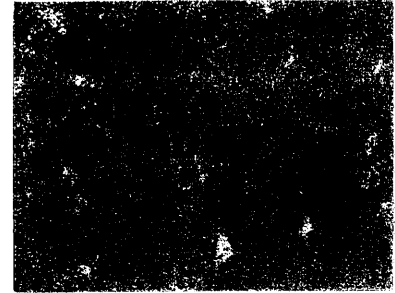
19th day of July, 2001.

XL Specialty Insurance Company
SURETY

By: Anthony J. Garbarini
Anthony J. Garbarini
Title: Attorney-in-fact

Exhibit "A"

Surface Disturbance



Beginning at the SW corner of the SE1/4SE1/4 of Section 5, T16S, R14E, SLBM; and running thence North 660 feet; thence East 2640 feet; thence North 660 feet; thence East 1980 feet; thence North 660 feet; thence approximately N 45° East 4800 feet, more or less; thence approximately N 70° W 1250 feet more or less; thence West 250 feet; thence approximately N 28° W 1320 feet more or less; thence approximately N 65° E 580 feet more or less; thence approximately N 13° E 600 feet more or less; thence approximately N 82° W 100 feet more or less; thence approximately N 10° E 1650 feet more or less; thence approximately S 88° E 1030 feet more or less; thence South 260 feet; thence approximately S 88° E 550 feet more or less; thence approximately S 09° W 1940 feet more or less; thence East 300 feet; thence approximately S 20° E 1550 feet more or less; thence approximately N 68° E 100 feet more or less; thence approximately 5 20° E 250 feet more or less; thence approximately N 20° W 1120 feet more or less; N 68° E 2170 feet more or less; thence approximately N 20° W 1120 feet more or less; thence approximately N 68° E 600 feet more or less; thence East 200 feet; thence approximately S 20° E 2800 feet more or less; thence approximately S 68° W 300 feet more or less; thence South 500 feet; thence West 1200 feet; thence South 300 feet; thence East 450 feet; thence South 380 feet; thence West 400 feet; thence approximately S 22° E 1310 feet more or less; thence East 1240 feet; thence approximately S 45° E 660 feet more or less; thence South 1000 feet; thence West 2650 feet; thence approximately S 22° E 2140 feet more or less; thence approximately N 68° E 1010 feet more or less; thence approximately N 22° W 700 feet more or less; thence approximately N 68° E 540 feet more or less; thence approximately 5 22° E 500 feet more or less; thence approximately S 63° W 300 feet more or less; thence approximately S 22° E 600 feet more or less; thence approximately S 68° W 400 feet more or less; thence approximately N 22° W 110 feet more or less; thence approximately S 68° W 850 feet more or less; thence approximately 5 22° E 1150 feet more or less; thence approximately S 89° E 350 feet more or less; thence South 100 feet; thence East 450 feet; thence South 2800 feet; thence approximately S 77° W 300 feet more or less; thence approximately N 2° W 1270 feet more or less; thence approximately N 22° W 1120 feet more or less; thence approximately 5 68° W 2150 feet more or less; thence approximately N 22° W 200 feet more or less; approximately S 68° W 195° feet more or less; thence approximately S 22° E 650 feet more or less; thence approximately S 8° W 560 feet more or less; thence approximately S 88° W 50 feet more or less; thence approximately N 22° W 1480 feet more or less; thence approximately N 68° E 2250 feet more or less; thence approximately N 22° W 5410 feet more or less; thence West 2000 feet; thence South 520 feet; thence West 1350 feet; thence South 1320 feet; thence West 660 feet to the NW corner of the NE 1/4 NE 1/4 of Section 9, T16S, R14E, SLBM; thence South 1320 feet; West 5280 feet; North 1320 feet to the point of beginning.

LESS the following portions thereof:

- (a) Beginning approximately 700 feet South from the NW corner of Lot 11, Section 3 T16S, R14E, SLBM; thence East 700 feet; thence North 800 feet; thence approximately S 22° E 1600 feet more or less; thence approximately S 48° W 300 feet more or less; thence West 870 feet; thence approximately N 22° W 300 feet more or less; thence North 650 feet more or less to the point of beginning.
- (b) Beginning 590 feet North of the center of Section 3, T16S, R14E, SLBM; thence North 1120 feet more or less; thence W 750 feet; thence approximately N22° W 660 feet more or less; thence approximately N 75° E 1480 feet more or less; thence approximately S 22° E 2080 feet more or less; thence approximately S 75° E 100 feet more or less; thence approximately S 22° E 2500 feet more or less; thence West 1730 feet; thence approximately N 22° W 2320 feet more or less; thence East 300 feet more or less to the point of beginning.
- (c) Beginning 350 feet East of the NW corner of Section 11, T16S, R14E, SLBM; thence S 22° E 2720 feet more or less; thence approximately S 68° W 1650 feet more or less; thence approximately N 22° W 4800 feet more or less; thence approximately N 10° E 500 feet more or less; thence East 1400 feet more or less; thence approximately S 22° E 2020 feet more or less to the point of beginning.

JUL 23 2001

 DIVISION OF
 OIL, GAS AND MINING

Table 4-2 Surface Ownership Permit Area Both Horse Canyon and Lila Canyon								
Township	Range	Section	State Acres		Federal Acres		Private Acres	
			A	B	A	B	A	B
15 S	14 E							
		33					60.70 (2)	
							49.90 (1)	
		34					23.62 (2)	
							25.68 (1)	
							25.20 (3)	
16 S	14 E							
		2	248.30	0.76				
		3			127.03		204.30 (1)	
		4					189.00 (1)	
		5					20.00 (1)	
		8					40.00 (1)	
		9					120.00 (1)	
		10			28.20		30.85 (1)	76.00 (1)
		11			14.78	108.86	120.19 (2)	341.20 (2)
		12		40.00		600.00		
		13				640.00		
		14				640.00		
		15				157.50		120.00 (1)
		22				40.00		
		23				560.00		
		24				640.00		
		25				320.00		
		26				120.00		
16 S	15 E	19				110.00		
		30				190.00		
			State Acres		Federal Acres		Private Acres	
			A	B	A	B	A	B
SUB TOTAL			248.30	40.76	170.01	4126.36	909.44	537.20

Lila Canyon Mine

10/23/01

DEVELOPMENT

ON, LILA AND HILLY

UtahAmerican Energy, Inc.

Total "A" Horse Canyon	1327.75
Total "B" Lila Canyon	4704.32
GRAND TOTAL	6032.07

Please note

- (1) UEI
- (2) Eardley
- (3) Peper

Exhibit "A"
Legal Description
Bond Number [REDACTED]

EXHIBIT "A"

Pursuant to R645-301- 820.110, the surety bond covers an identified increment of land within the permit area upon which the operator will initiate and conduct coal mining and reclamation operations during the initial term of the permit. This area is identified as:

Map(s) showing the BONDED AREA within the approved PERMIT AREA :

See Attached Plate 5-2

Legal description of BONDED AREA (Part "B"):

Section 15
Portions of W2SE4; Portions of NE4SW4: Portions of SE4SW4:
Containing 42.6 acres more or less

The above described area shall be modified as necessary to correspond to an increase in the area disturbed as a result of an expansion of coal mining and reclamation operations. The described area may also be decreased as a result of partial reclamation.

IN WITNESS WHEREOF the **SURETY** has hereunto set its signature and seal this

9th day of May, 2007.

Rockwood Casualty Insurance Company
SURETY

By: 

John P. Yediny, President & Atty-in-Fact
Title:

EXHIBIT “B”
Bonding Agreement
Surety Bond

Bond Number:

EXHIBIT "B"

SURETY BOND (FEDERAL COAL)

THIS SURETY BOND entered into and by and between the undersigned PERMITTEE, and SURETY company, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (DIVISION), and the U.S. Department of Interior, Office of Surface Mining Reclamation and Enforcement (OSM) in the penal sum of \$ 1,556,000. (Surety Bond Amount) for the timely performance of reclamation responsibilities of the permit area described in Exhibit "A" of this Reclamation Agreement.

This SURETY BOND will remain in effect until all of the PERMITTEE's reclamation obligation have been met and released by the DIVISION and is conditioned upon faithful performance of all of the requirements of the Act, the applicable rules and regulations, SMCRA, the approved permit and the DIVISION.

The SURETY will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the Principal during the period of liability.

The SURETY and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the DIVISION and OSM from any and all expenses which the DIVISION and OSM may sustain as a result of the PERMITTEE's failure to comply with the condition(s) of the reclamation obligation.

The SURETY will give prompt notice to the PERMITTEE and to the DIVISION and OSM of any notice or action involving insolvency or bankruptcy of the SURETY, or alleging any violations of regulatory requirements which could result in suspension or revocation of the SURETY's license in this state. In the event the Cooperative Agreement between the DIVISION and OSM is terminated, then the portion of the bond covering the Federal Lands will be payable only to the United States, Department of Interior, Office of Surface Mining.

Terms for release or adjustment of this BOND are as written and agreed to by the DIVISION and the PERMITTEE in the RECLAMATION AGREEMENT incorporated by reference herein, to which this SURETY AGREEMENT has been attached as Exhibit "B".

IN WITNESS WHEREOF, the PERMITTEE has hereunto set its signature and seal
this 13 day of July, 192001

Utah American Energy, Inc.

PERMITTEE

By: [Signature]

Title: President

IN WITNESS WHEREOF, the SURETY has hereto set its signature and seal
this 5th day of July, ~~19~~ 2001

XL Specialty Insurance Company

SURETY

By: [Signature]

Title: Susan C. Bliss, Attorney-in-Fact

ACCEPTED BY THE STATE OF UTAH
this 27 day of July, 192001

[Signature]

Lowell P. Braxton, Director
Division of Oil, Gas and Mining

NOTE:

An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the PERMITTEE is a corporation, the Agreement shall be executed by its duly authorized officer.

KNOW ALL MEN BY THESE PRESENTS: That the XL SPECIALTY INSURANCE COMPANY, a corporation organized and existing by virtue of the laws of the State of Illinois ("Company" or "Corporation"), does hereby nominate, constitute and appoint; *David M. Finkelstein, Julie K. Faber, Susan C. Bliss, Doris L. Smith, Susan C. Weckerly, Yvonne T. Henson, John E. Baldino, Thomas A. Littlefield*, its true and lawful Attorney(s)-in-fact to make, execute, attest, seal and deliver for and on its behalf, as surety, and as its act and deed, where required, any and all bonds, undertakings, recognizances and written obligations in the nature thereof, the penal sum of no one of which is in any event to exceed \$Unlimited.

Such bonds and undertakings, when duly executed by the aforesaid Attorney(s)-in-fact shall be binding upon the said Company as fully and to the same extent as if such bonds and undertakings were signed by the President and Secretary of the Company and sealed with its corporate seal.

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company on the 5th day of December, 1988:

"RESOLVED, That the President, or any Vice President of the Company or any person designed by any one of them is hereby authorized to execute Powers of Attorney qualifying the attorney named in the given Power of Attorney to execute in behalf of the Company, bonds undertakings and all contacts of suretyship, and that any Secretary or any Assistant Secretary of the Company be, and that each or any of them hereby is authorized to attest the execution of any such Power of Attorney, and to attach thereto the Seal of the Company.

FURTHER RESOLVED, That the signature of such officers and the Seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be thereafter valid and binding upon the Company with respect to any bond, undertaking or contract of suretyship to which it is attached."

Bonds executed under this Power of Attorney may be executed under facsimile signature and seal pursuant to the following Resolution adopted by the Board of Directors of the Company on August 7, 1997.

"RESOLVED, That the signature of Stanley A. Galanski, as President of this Corporation, and the seal of this Corporation may be affixed or printed on any and all bonds, undertakings, recognizances, or other written obligations thereof, on any revocation of any Power of Attorney, or on any certificate relating thereto, by facsimile, and any Power of Attorney, any revocation of any Power of Attorney, bonds, undertakings, recognizances, certificate or other written obligation, bearing such facsimile signature or facsimile seal shall be valid and binding upon the Corporation."

IN WITNESS WHEREOF, the XL SPECIALTY INSURANCE COMPANY has caused its corporate seal to be hereunto affixed, and these presents to be signed by its duly authorized officers this February 16th, 2001.

XL SPECIALTY INSURANCE COMPANY

BY:

Stanley A. Galanski

PRESIDENT

Ben M. Llaneta

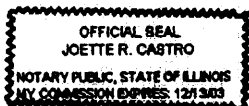
SECRETARY

Attest:



STATE OF ILLINOIS
COUNTY OF COOK

On this 16th day of February, 2001, before me personally came Stanley A. Galanski to me known, who, being duly sworn, did depose and say: that he is President of the Corporation described in and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto by order and authority of the Board of Directors of said Company; and that he executed the said instrument by like order a



STATE OF ILLINOIS
COUNTY OF COOK

I, Ben M. Llaneta, Secretary of the XL SPECIALTY INSURANCE COMPANY a corporation of the State of Illinois, do hereby certify that the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and that I have compared same with the original and that it is a correct transcript therefrom and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at the City of Schaumburg, this 5 day of July 20 01.

SECRETARY



Ben M. Llaneta

1. Power of Attorney may not be used to execute any bond with an inception date after February 16, 2005

This document is printed on a brown background

**AFFIDAVIT OF QUALIFICATION
SURETY COMPANY**

—ooOOoo—



I, Susan C Bliss, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Attorney in Fact of XL Specialty Insurance Company and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

(Signed) Susan C Bliss Attorney in Fact
Surety Company Officer - Position

Subscribed and sworn to before me this 5th day of July, 19 2001

Patricia Rampson
Notary Public

My Commission Expires:

December 02, 2002

Notarial Seal
Patricia Rampson, Notary Public
Philadelphia, Philadelphia County
My Commission Expires Dec. 2, 2002

Attest:

STATE OF Pennsylvania)
COUNTY OF Philadelphia) ss:



XL Surety
25 Independence Boulevard
Suite 103
Warren, NJ 07059
Tel: 888.593.6654
Tel: 908.903.9200
Fax: 908.903.9300
www.xlai.com

UTAH AMERICAN ENERGY
P.O.BOX 986
PRICE, UT 84501

Subject: Surety Disclosure Notice
Concerning Federal Terrorism Risk Insurance Act

You should know that, effective November 26, 2002, the U.S. Congress enacted the Terrorism Risk Insurance Act of 2002 (the "Act"). Under the Act, any losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

In accordance with this Act, we are providing you with the enclosed notices for surety bonds on which you are named as the Principal for bonds issued a OneBeacon/CGU Company or XL Specialty Insurance Company. The portion of the premium on the bonds issued by a OneBeacon/CGU Company or XL Specialty Insurance Company that is attributable to coverage for certified acts of terrorism under the Act is Zero Dollars (\$0.00)

XL Specialty Insurance Company

Enclosures /



AN XL CAPITAL COMPANY

UNLIMITED POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the XL SPECIALTY INSURANCE COMPANY, a corporation organized and existing by virtue of the laws of the State of Illinois ("Company" or "Corporation"), does hereby nominate, constitute and appoint: **Anthony J. Garbarini**, its true and lawful Attorney(s)-in-fact to make, execute, attest, seal and deliver for and on its behalf, as surety, and as its act and deed, where required, any and all bonds, undertakings, recognizances and written obligations in the nature thereof, the penal sum of no one of which is in any event to exceed **unlimited** as required by **Surety Obligees**.

Such bonds and undertakings, when duly executed by the aforesaid Attorney(s)-in-fact shall be binding upon the said Company as fully and to the same extent as if such bonds and undertakings were signed by the President and Secretary of the Company and sealed with its corporate seal.

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of the Company on the 5th day of December, 1988:

"RESOLVED, That the President, or any Vice President of the Company or any person designated by any one of them is hereby authorized to execute Powers of Attorney qualifying the attorney named in the given Power of Attorney to execute in behalf of the Company, bonds, undertakings and all contracts of suretyship, and that any Secretary or any Assistant Secretary of the Company be, and that each or any of them hereby is authorized to attest the execution of any such Power of Attorney, and to attach thereto the Seal of the Company.

FURTHER RESOLVED, That the signature of such officers and the Seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be thereafter valid and binding upon the Company with respect to any bond, undertaking or contract of suretyship to which it is attached."

Bonds executed under this Power of Attorney may be executed under facsimile signature and seal pursuant to the following Resolution adopted by the Board of Directors of the Company on August 7, 1997.

"RESOLVED, That the signature of Stanley A. Galanski, as President of this Corporation, and the seal of this Corporation may be affixed or printed on any and all bonds, undertakings, recognizances, or other written obligations thereof, on any revocation of any Power of Attorney, or on any certificate relating thereto, by facsimile, and any Power of Attorney, any revocation of any Power of Attorney, bonds, undertakings, recognizances, certificate or other written obligation, bearing such facsimile signature or facsimile seal shall be valid and binding upon the Corporation."

IN WITNESS WHEREOF, the XL SPECIALTY INSURANCE COMPANY has caused its corporate seal to be hereunto affixed, and these presents to be signed by its duly authorized officers this 3rd day of January, 2000.

XL SPECIALTY INSURANCE COMPANY

BY:

PRESIDENT

Attest:

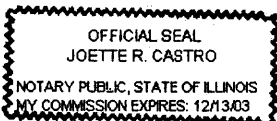
SECRETARY



STATE OF ILLINOIS
COUNTY OF COOK

ss.

On this 3rd day of January, 2000, before me personally came Stanley A. Galanski to me known, who, being duly sworn, did depose and say: that he is President of the Corporation described in and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto by order and authority of the Board of Directors of said Company; and that he executed the said instrument by like order a


NOTARY PUBLIC

STATE OF ILLINOIS
COUNTY OF COOK

ss.

I, Ben M. Llaneta, Secretary of the XL SPECIALTY INSURANCE COMPANY a corporation of the State of Illinois, do hereby certify that the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and that I have compared same with the original and that it is a correct transcript therefrom and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at the City of Schaumburg, this 12th day of July, 2001

SECRETARY



**AFFIDAVIT OF QUALIFICATION
PERMITTEE**
--ooOOoo--



I, Clyde Borrell, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) President of UtahAmerican Energy, Inc.; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said PERMITTEE is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.

(Signed) _____

Name - Position

Subscribed and sworn to before me this 19th day of July, 2001.

Denise Jackson

Notary Public

My Commission Expires:

DENISE R. JACKSON

Notary Public, State of Ohio

~~My Commission Expires 9-27-2005~~

Attest:

STATE OF OHIO)

COUNTY OF BELMONT)

) ss:

**AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--**



Lowell Braxton, being first duly sworn under oath, deposes and says that he is the Director for the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that he is duly authorized to execute and deliver the foregoing obligations; and that said Director is authorized to execute the same by authority of laws on behalf of the State of Utah.

(Signed) Lowell P Braxton
Lowell Braxton, Director
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 27th day of July, 20 01.

Joelle Burns
Notary Public

My Commission Expires:

April 4, 20 05.

Attest:

STATE OF Utah)

COUNTY OF Salt Lake) SS:



Exhibit "B"
Federal Surety Bond
Federal

Surety Bond Number 

Lioprog
4/007/0013

EXHIBIT "B"
SURETY BOND
(FEDERAL COAL)
--ooOOoo--

This **SURETY BOND** entered into and by and between the undersigned **PERMITTEE/PRINCIPAL** Utah American Energy, Inc. and **SURETY** Rockwood Casualty Insurance Co. hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors and assigns unto the State of Utah, Division of Oil, Gas and Mining (hereafter referred to as the "**DIVISION**"), and the U.S. Department of the Interior, Office of Surface Mining Reclamation and Enforcement (hereafter referred to as "**OSM**") in the penal sum of \$130,000.00 (\$) (Surety Bond Amount) for the timely performance of reclamation responsibilities of the Permittee in the Bonded Area described in Exhibit "A" of that certain **RECLAMATION AGREEMENT**, dated the 18th day of MAY, 2007 by and between the **DIVISION** and the **PERMITTEE/PRINCIPAL**.

This **SURETY BOND** shall remain in effect until all of the **PERMITTEE'S/PRINCIPAL'S** reclamation obligations have been met and released by the **DIVISION** with the concurrence of **OSM** and is conditioned upon faithful performance of all of the requirements of the Utah Coal Mining Reclamation Act, Utah Code Ad. §40-12-2 et. seq. (the **ACT**), the Surface Mine Control and Reclamation Act ("**SMCRA**"), and all lawful regulation adopted under the authority of those statutes, and the approved Permit (which is based upon the approved Permit Application Package).

The **SURETY** will not cancel this bond at any time for any reason, including non-payment of premium or bankruptcy of the **PERMITTEE/PRINCIPAL** during the period of liability.

The **SURETY** and their successors and assigns, agree to guarantee the obligation and to indemnify, defend, and hold harmless the **DIVISION** and **OSM** from any and all expenses which the **DIVISION** may sustain as a result of the **PERMITTEE'S/PRINCIPAL'S** failure to comply with the condition(s) of the reclamation obligation.

The **SURETY** will give prompt notice to the **PERMITTEE/PRINCIPAL**, the **DIVISION** and **OSM** of any notice received or action alleging the insolvency or bankruptcy of the **SURETY**, or alleging any violations or regulatory requirements which could result in suspension or revocation of the **SURETY'S** license.

Upon incapacity of the **SURETY** by reason of bankruptcy, or suspension or revocation of license, the **PERMITTEE/PRINCIPAL** shall be deemed to be without Bond coverage in violation of state and federal law and subject to enforcement in accordance with **SMCRA**, the **ACT**, and the applicable regulations.

Exhibit "B"
Federal Surety Bond
Federal

Surety Bond Number
Mine Name/Number

The terms for release of this **BOND** are as written and agreed to by the **DIVISION** and the **PERMITTEE/PRINCIPAL** in the **RECLAMATION AGREEMENT**, incorporated by reference herein, to which this **SURETY AGREEMENT** has been attached as Exhibit "B".

In the event the Utah Cooperative Agreement is terminated, this **SURETY BOND** shall be payable only to the OSM to the extent that lands covered by the Federal Lands Program are involved and otherwise to the **DIVISION**.

IN WITNESS WHEREOF, the **PERMITTEE/PRINCIPAL** has hereunto set its signature and seal this 7th day of December, 2005.

Utah American Energy, Inc.
PERMITTEE/PRINCIPAL

By: [Signature]

Title: President

IN WITNESS WHEREOF, the **SURETY** has hereunto set its signature and seal this 10th day of November, 2005.

[Signature]
Kurt D. Tipton, SR. Vice President

Rockwood Casualty Insurance Company
SURETY

By: [Signature]
John P. Yediny

Title: President & Atty-in-Fact

SURETY BONDING AGREEMENT ACCEPTED BY THE STATE OF UTAH:

[Signature]
Director
Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent/or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with the Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

ROCKWOOD CASUALTY INSURANCE COMPANY

654 Main Street
Rockwood, PA 15557

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That the ROCKWOOD CASUALTY INSURANCE COMPANY, a Corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania and having its principal office in the Borough of Rockwood, PA does hereby nominate, constitute and appoint:

John P. Yediny

its true and lawful agent and attorney-in-fact, to make, execute, seal and deliver for and on its behalf as surety, and as its act and deed any and all bonds, contracts, agreements of indemnity and other undertakings in suretyship (NOT INCLUDING bonds without a fixed penalty or financial guarantee) provided, however, that the penal sum of any one such instrument executed hereunder shall not exceed the sum of:

Five hundred thousand and 00/100 ----- (\$500,000.00)

This Power of Attorney is granted and is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of ROCKWOOD CASUALTY INSURANCE COMPANY:

"RESOLVED, That the President, Senior Vice President, Vice President, Assistant Vice President, Secretary, Treasurer and each of them hereby is authorized to execute powers of attorney, and such authority can be executed by use of facsimile signature, which may be attested or acknowledged by any officer or attorney, of the Company, qualifying the attorney or attorneys named in the given power of attorney, to execute in behalf of, and acknowledge as the act and deed of the ROCKWOOD CASUALTY INSURANCE COMPANY, all bond undertakings and contracts of suretyship, and to affix the corporate seal thereto."

IN WITNESS WHEREOF, ROCKWOOD CASUALTY INSURANCE COMPANY has caused its official seal to be hereunto affixed and these presents to be signed by its duly authorized officer the 6th day of March, 2003.

ROCKWOOD CASUALTY INSURANCE COMPANY

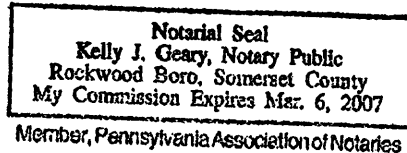
By Philip S. Kirt

Philip S. Kirt, Vice President

STATE OF PENNSYLVANIA
COUNTY OF SOMERSET SS:

On this 6th day of March, A.D. 2003, before me, a Notary Public of the Commonwealth of Pennsylvania, in and for the County of Somerset, duly commissioned and qualified, came THE ABOVE OFFICER OF THE COMPANY, to me personally known to be the individual and officer described in, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me duly sworn, deposed and said that he is the officer of the said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said corporation, and that Resolution adopted by the Board of Directors of said Company, referred to in the preceding instrument is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed my Official Seal at the Borough of Rockwood, the day and year first above written.



Kelly J. Geary
(Notary Public)

I, the undersigned Officer of the ROCKWOOD CASUALTY INSURANCE COMPANY, a Pennsylvania Corporation of Rockwood, PA, do hereby certify that the original POWER OF ATTORNEY of which the foregoing is a full, true and correct copy is still in full force and effect and has not been revoked.


IN WITNESS WHEREOF, I have hereunto set my hand, and affixed the Seal of said Company, on the 10th day of November, 2005.

Kurt D. Tipton, Jr.
Kurt D. Tipton, Jr. Vice President

**SECRETARY'S CERTIFICATE
UTAHAMERICAN ENERGY, INC.**

I, Michael O. McKown, as Secretary of UtahAmerican Energy, Inc., hereby verify that Clyde I. Borrell was the President of UtahAmerican Energy, Inc., as of December 7, 2005, the date of execution of the Surety Bond No. [REDACTED] with Rockwood Casualty Insurance Co.

DATED this 15 day of May, 2007.



Michael O. McKown
Secretary
UtahAmerican Energy, Inc.

[REDACTED]

--000000--

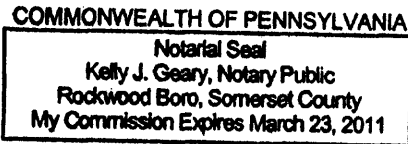
I, John P. Yediny, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Officer of Rockwood Casualty Insurance Co. and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

~~(Signed)~~

STATE OF Pennsylvania)

COUNTY OF Somerset)

Subscribed and sworn to before me this 9th day of May, 2007.



_____, 20____.

~~Notary Public~~

RIDER CONTAINING
CERTIFIED TERRORISM LOSS DISCLOSURE OF
PREMIUM AND FEDERAL SHARE OF INSURED LOSSES

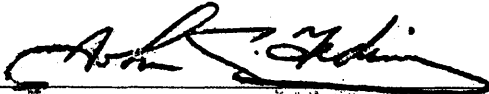
Certified Terrorism Loss
Premium

\$ -0-

Coverage for "certified terrorism loss", to the extent that such coverage is provided by this policy or Coverage Part, will be partially reimbursed by the United States Government, Department of Treasury, under a formula established by the Terrorism Risk Insurance Act of 2002. Under this formula, the United States pays 90% of the amount of the covered "certified terrorism loss" that exceeds the statutorily established deductible that we retain.

SIGNED AND SEALED THIS 10TH day of November, 2005.

BY



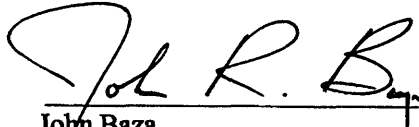
John P. Yediny, President

SURETY

ROCKWOOD CASUALTY INSURANCE COMPANY


AFFIDAVIT OF QUALIFICATION
DIRECTOR
--ooOOoo--

John Baza, being first duly sworn under oath, deposes and says that he is the
Director for the Division of Oil, Gas and Mining, Department of Natural Resources, State of
Utah; and that ~~he~~ is duly authorized to execute and deliver the foregoing obligations; and that said
~~Acting~~ Director is authorized to execute the same by authority of laws on behalf of the State of Utah.


John Baza
Director, Division of Oil, Gas and Mining

STATE OF Utah)
COUNTY OF Salt Lake) ss:

Subscribed and sworn to before me this 18 day of May 2007.


Notary Public

My Commission Expires:

1/11, 2011.

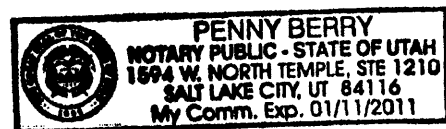


EXHIBIT "C"
Liability Insurance

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

05/22/2006

FAX (724)349-1446

Reschini Agency Inc
922 Philadelphia Street
P.O. Box 449
Indiana, PA 15701

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

NAIC #

20281

INSURER B. National Union Fire Ins. Co.

INSURER C

INSURER D.

INSURER E:

INSURED UtahAmerican Energy, Inc.
375 Carbon Avenue
Price, UT 84501

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR INSRD		TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY	37104410	06/01/2006	06/01/2007	EACH OCCURRENCE	\$ 1,000,000
		<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
		<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person)	\$ 10,000
		GENTL AGGREGATE LIMIT APPLIES PER:				PERSONAL & ADV INJURY	\$ 1,000,000
		<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				GENERAL AGGREGATE	\$ 3,000,000
						PRODUCTS - COMPROP AGG	\$ 2,000,000
A		AUTOMOBILE LIABILITY	73171037	06/01/2006	06/01/2007	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
		<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
		<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
		<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
		<input type="checkbox"/> HIRED AUTOS					
		<input type="checkbox"/> NON-OWNED AUTOS					
		GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
		<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC	\$
						AUTO ONLY:	\$
						AGG	\$
B		EXCESS/UMBRELLA LIABILITY	TBD	06/01/2006	06/01/2007	EACH OCCURRENCE	\$ 25,000,000
		<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 25,000,000
		<input type="checkbox"/> DEDUCTIBLE					\$
		RETENTION \$					\$
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATU-TORY LIMITS	OTH-ER
ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?						E.L. EACH ACCIDENT	\$
If yes, describe under SPECIAL PROVISIONS below						E.L. DISEASE - EA EMPLOYEE	\$
OTHER						E.L. DISEASE - POLICY LIMIT	\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Reference: Horse Canyon Mine MSHA ID# 42-00100 and Lila Canyon Mine MSHA ID#42-02241

Subsidence Coverage is included with \$500,000 property damage deductible per claim under the General Liability Policy.

CERTIFICATE HOLDER

State of Utah
Division of Oil, Gas, and Mining
Attn: Pam Grubaugh-Littig
1594 West North Temple
Suite 1210
Salt Lake City, UT 84114-5801

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ADVISE BY MAIL

45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT,
XX
XX

AUTHORIZED REPRESENTATIVE

Karen Williams/KAREN

Karen Williams